

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re PATENT APPLICATION of: Confirmation Number: 5250
SPIRGEL, ET AL
Application No.: 10/680,589 Group Art Unit: 3692
Filed: October 6, 2003 Examiner: Fields, Benjamin S.
Title: SYSTEMS AND METHODS FOR SECURITIZING A COMMODITY

ARGUMENTS SUBMITTED WITH PRE-APPEAL BRIEF CONFERENCE REQUEST

MS AF

Commissioner for Patents
P.O. Box 1450
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Sir:

In response to the Final Office Action dated July 6, 2009, and concurrent with the "Notice of Appeal", "Pre-Appeal Brief Conference Request", and Petition for 3-Month Extension of time concurrently filed herewith, Appellant submits the following arguments for consideration by the Appeal Conferees. Claims 1-72 are pending, and claims 1, 11, 19, 30, 41, 53, 60, 61 and 70 are independent.

I. REJECTIONS TO BE REVIEWED UPON APPEAL

- A. ***Non-Statutory Subject matter rejection*** of claims 1 and 70 under 35 U.S.C. §101, as allegedly being drawn to non-statutory subject matter.
- B. ***Unpatentability rejection*** of claims 1-6, 9-27, 29-36, 38-48, 50-57, 59-61 and 63-72 under 35 U.S.C. §103(a), as allegedly being unpatentable over Annunziata (US PG Pub. No. 2001/0034688).
- C. ***Unpatentability rejection*** of claims 7-8, 28, 37, 49, 58 and 62 under 35 U.S.C. §103(a), as allegedly being unpatentable over Annunziata in view of Turk (US Pat. No. 5,671,364).

Due to page limits of this Request, the Arguments presented to overcome the art rejections are directed only to the alleged unpatentability rejection of independent method claim 1, independent method claim 61, and independent system 70, i.e., Section I.B., above.

Similar arguments pertain to the rejection of each of the remaining independent claims 11, 19, 30, 41, 53, and 60, and each of the remaining dependent claims, *i.e.*, claims 2-10, 12-18, 20-29, 31-40, 42-52, 54-59, 62-69, and 71-72. The Appeal Conferees are respectfully asked to extend the arguments presented to the claims that are not explicitly addressed herein.

II. ARGUMENTS

A. Non-Statutory Subject Matter Rejection

1. Independent Claim 1

Independent claim 1 recites the following:

1. A method for creating shares in a commodity, *said commodity shares being processed using an Electronic Communication Network (ECN)*, the method comprising:

receiving, *over the ECN*, a creation order comprising a request to create the commodity shares;

confirming, *over the ECN*, delivery into an account of an amount of commodity associated with the commodity shares being requested; and

releasing, *over the ECN*, the requested commodity shares based upon the amount of commodity delivered into the account.

The Examiner invokes the current *In re Bilski* "business method patent" case, currently awaiting Supreme Court Decision on Appeal, in the rejection of claims 1 and 70. The Examiner asserts that claim 1 is non-statutory because it allegedly is not tied to a machine. Appellants traverse, because the claim is clearly tied to an Electronic Communication Network (ECN) and its associated hardware, and therefore, by the plain language of the claim is not a "purely mental step" and is tied to a "machine".

2. Independent Claim 70

Independent claim 70 recites the following:

70. A commodity trust system, comprising:

an Electronic Communication Network (ECN);

a commodity trust, wherein said commodity trust holds a physical amount of a commodity,

a trustee to administer said commodity trust, and

a number of commodity trust shares corresponding to said amount of a physical commodity,

wherein said number of commodity trust shares are processed and accounted for in a computer system having an interface with the ECN.

Appellants traverse the §101 rejection of independent system claim 70, because the claim is a *system* claim that comprises an Electronic Communication Network (ECN) and, by the plain language of the claim, is not a method claim. Accordingly, reversal of the §101 rejection of claims 1 and 70 by the Appeal Conferees is requested.

B. Unpatentability Rejections

Reversal of the rejection of claims 1-6, 9-27, 29-36, 38-48, 50-57, 59-61 and 63-72 under 35 U.S.C. §103(a) as allegedly being unpatentable over Annunziata (US 2001/0034688) is requested. The Examiner has failed to make a *prima facie* case of unpatentability.

On page 5 of the Official Action, "[t]he Examiner notes that the Annunziata reference does not expressly utilize the term 'creation order'...[but that] the obvious teaching of such is evident in that Annunziata discusses a system and method which is responsible for the creation of commodities, etc. (See at least Annunziata: page 1, paragraphs 0007-0014; page 5, paragraph 0043)."

Applicants contend that Annunziata does not disclose, teach, or suggest use of a "creation order" relating to the creation of commodity *shares*. Further, applicants traverse the Examiner's mischaracterization of Annunziata with respect to Annunziata being responsible for the "*creation* of commodities, etc.," (*emphasis* added). Even assuming, *arguendo*, that the Examiner intended to state that Annunziata is responsible for the creation of commodity *shares*, Applicants traverse this characterization of Annunziata in that the reference completely silent on any mention of shares, trust shares, or commodity shares, as discussed more fully in previous responses.

Annunziata merely transfers conventional ownership of a commodity via a computerized communications link, but does not create *commodity shares or trust shares* in a commodity, or otherwise deal with commodity shares or commodity trust shares. *Annunziata is completely silent of any use of commodity shares, a trust, a trust system, trust assets, or a trustee to administer a commodity trust or foreign currency trust*. Furthermore, Annunziata does not disclose holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares* corresponding to the amount of a commodity.

Applicants reiterate that Annunziata is merely directed to a computer-implemented system for *transferring* ownership of commodities via a communications link, wherein a database is used that contains open bids and offers currently available for trading that have been submitted by other users of the system (see Annunziata at ¶ [0029]).

Appellants' claims on appeal are directed to systems and methods for securitizing or equitizing a commodity by creating commodity shares and, in one claimed embodiment, commodity trust shares are created. In various embodiments, shares in a commodity or commodity trust are provided by a Trustee for a particular commodity. In one claimed embodiment, commodity shares are backed by the Trustee's custody of the actual commodity. For example, commodity shares are created and issued when a trust participant deposits an amount of the commodity with the Trustee or a custodian acting on behalf of the trustee. After

confirmation of the receipt of the commodity, an amount of commodity shares is issued by the Trustee, which is equal in value to the value of the commodity. The disclosed and claimed invention has applicability to various types of commodities including gold and other precious metals, for example.

Appellants have created a unique, cost-effective, and easy way to equitize a physical commodity. The commodity share price reflects the price of the commodity, less the expenses of operations (e.g., the trust's operations). In paragraph [007] of the Summary discussing one embodiment, for example, the shares in the trust may represent a proportional interest in the trust and/or the commodity held by the trust. Thus, different from conventional approaches, proportional interests in the commodity may be traded based upon the share price and how the shares were allocated to the underlying physical commodity. Appellants commodity shares can be traded on a major securities exchange such as the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or any other exchange or *Electronic Communication Network (ECN)*, thereby creating a robust secondary market for the commodity shares.

In contrast, Appellants point out that Annunziata is directed to a computer-implemented system for *transferring ownership of commodities via a communications link*, wherein a database is used that contains open bids and offers currently available for trading that have been submitted by other users of the system (see Annunziata at ¶ [0029]). Thus, Annunziata merely represents conventional commodity trading implemented by a computerized system and method in which buyers and sellers of a number of units of a commodity at a unit price are matched.

Applicants point out that commodity trading is a relatively specialized activity, requiring access to particular markets, and adherence to unique rules and commodity trading units used in transactions in a variety of different markets. Applicants' approach greatly expands the ability for average investors to safely invest in commodities through commodity shares and/or commodity trusts, and the variously claimed approach is clearly not taught or suggested by Annunziata.

1. Deficiencies of Annunziata with Respect to Independent Claim 1

Annunziata does not disclose a method for creating shares in a commodity *wherein the commodity shares are processed using an Electronic Communication Network (ECN)*, and wherein the method includes, *inter alia*, "*receiving...a creation order comprising a request to create the commodity shares; confirming...delivery into an account of an amount of commodity associated with the commodity shares being requested; and releasing, over the ECN, the requested commodity shares based upon the amount of commodity delivered into the account,*" as recited in independent claim 1 (*emphasis added*).

2. Deficiencies of Annunziata with Respect to Independent Claim 61

Annunziata does not disclose, teach, or suggest *a method for securitizing a commodity* using an Electronic Communication Network (ECN), wherein the method includes, *inter alia*, "receiving a deposit of a physical amount of a commodity; *holding said physical amount of the commodity in a trust*; and *issuing a number of commodity trust shares corresponding to said physical amount of the deposited commodity*," as recited in independent claim 61, as amended (*emphasis added*)..

As previously discussed, Annunziata merely transfers conventional ownership of commodities via a computerized communications link, but *Annunziata does not involve or even mention the use of a trust or trust assets*, particularly holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares or trust shares* corresponding to the amount of a commodity.

3. Deficiencies of Annunziata with Respect to Independent Claim 70

Annunziata does not disclose, teach, or suggest *a commodity trust system* which includes, *inter alia*, "an Electronic Communication Network (ECN); *a commodity trust*, wherein said commodity trust holds a physical amount of a commodity, a trustee to administer said commodity trust, and *a number of commodity trust shares corresponding to said amount of a physical commodity, wherein said number of commodity trust shares are processed and accounted for in a computer system having an interface with the ECN*," as recited in independent claim 70 (*emphasis added*).

Since Annunziata does not teach or suggest all the claimed limitations, reversal of the rejection and allowance of independent claims 1, 61, and 70 are requested. Further, the arguments presented herein are clearly extendible to the remaining independent claims 11, 19, 30, 41, 53, and 60, such that reversal is respectfully requested. In addition, dependent claims 2-10, 12-18, 20-29, 31-40, 42-52, 54-59, 62-69, and 71-72 variously and ultimately depend from these patentable independent claims, and are submitted as being allowable at least on that basis. Accordingly, reversal of the Examiner by the Appeal Conferees and allowance of pending claims 1-72 in this Application are respectfully requested.

Date: December 8, 2009

Respectfully submitted,

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